

Message Text

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ACTION IO-13

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ABF-01 OMB-01 SP-02 L-03 H-01 CIAE-00 INR-07

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FM AMEMBASSY VIENNA

TO SECSTATE WASHDC IMMEDIATE 1759

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E.O. 11652: N/A

TAGS: UNIDO, OCON, ABUD

SUBJECT: ELEVENTH SESSION OF THE INDUSTRIAL DEVELOPMENT BOARD -
PROGRAM BUDGET FOR 1978-1979 - AGENDA ITEM 6(B)

REFS: (A) USUN 1343; (B) VIENNA 3191; (C) VIENNA 3439;

(D) VIENNA 3714; (E) VIENNA 3715

1. MISSION HAS RECEIVED ADVANCE COPY OF UNIDO 1978-79 PROGRAM
BUDGET BY COURTESY OF LOCAL JAPANESE MISSION. A QUICK READ-
ING SUGGESTS FOLLOWING COMMENTS.

2. BUDGET FOR 1978-79 INVOLVES VERY LARGE QUANTITATIVE JUMP
OF 30.6 PERCENT OVER CURRENT BIENNIUM, I.E., FROM ABOUT \$46
MILLION TO SOME \$60.2 MILLION. SECRETARIAT TO BEGIN WITH HAS
SIMPLY ADDED 14.5 PERCENT INFLATION AND EXCHANGE RATE FACTORS
TO 1976-77 APPROPRIATIONS IN ORDER TO PROVIDE FOR MAINTENANCE
OF 1976-77 PROGRAMS AT REVISED 1977 RATES. THIS FIGURE IS THEN
FURTHER ADDED TO BY FULL BUDGETING FOR ESTIMATED INFLATION
IN 1978-79. THERE IS NO INDICATION OF A SYSTEMATIC ATTEMPT
BY THE SECRETARIAT TO IDENTIFY LOW-PRIORITY ITEMS IN THE 1976-77
PROGRAM THAT MIGHT BE ELIMINATED OR POSTPONED IN ORDER TO ABSORB
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A PORTION OF THE INCREASED COSTS. THIS SITUATION AGAIN POINTS
UP THE NEED FOR A MECHANISM SUCH AS THE PROPOSED PROGRAM BUDGET
COMMITTEE ENVISAGED DURING THE DRAFTING OF UNIDO'S CONSTITUTION
TO ENABLE GOVERNMENTS TO MAKE A DETAILED EXAMINATION OF THE
SPECIFIC ELEMENTS OF THE PROGRAM OF WORK IN ORDER TO IDENTIFY
LESS PRESSING OR OBSOLETE ITEMS.

3. WE NOTE THAT UNDER THE CATEGORY OF "EXTRA BUDGETARY RESOURCES", WHICH IS INCLUDED AS AN INFORMATION ITEM WITH RESPECT TO EACH MAJOR PROGRAM COMPONENT, THE SECRETARIAT LISTS FUNDS TO BE AVAILABLE FROM BOTH THE UNIDO GENERAL TRUST FUND AND THE UN INDUSTRIAL DEVELOPMENT FUND (FOR EXAMPLE, TABLES 12.1, 12.13 AND 12.16). HOWEVER, THE STATUTES OF THE UNIDF, WHICH IS EXPECTED TO BEGIN OPERATIONS JANUARY 1, 1978, PROVIDE THAT IT SHOULD TAKE OVER THE ASSETS OF THE GENERAL TRUST FUND. THERE WOULD THUS APPEAR TO BE NO BASIS FOR CONTINUING TO TREAT THE GTF AS A SEPARATE FUND OF MONIES AVAILABLE TO UNIDO. THE SECRETARIAT SHOULD BE QUERIED ABOUT THIS PRESENTATION.

4. DEPARTMENT WILL NOTE (PARA 12.5) THAT IN RESPECT OF GA RES. 31/162 ON STRENGTHENING THE OPERATIONAL ACTIVITIES OF UNIDO, THE SYG TAKES THE LINE THAT ADDITIONAL RESOURCES FOR THE PROGRAM WOULD HAVE TO COME FROM EXTRA BUDGETARY SOURCES. THIS INTERPRETATION WOULD NOT APPEAR TO GIVE US ANY PROBLEMS.

5. PARA 12.6 INDIRECTLY RAISES FOR THE 32ND GA THE QUESTION OF WHETHER THE REGULAR BUDGET SHOULD BEAR AT LEAST SOME PART OF THE COSTS OF SIDFA'S. NO REQUEST FOR RESOURCES TO SUPPORT THE SIDFA PROGRAM, EXCEPT FOR TRAVEL FUNDS, IS INCLUDED IN THE 1978-79 PROGRAM BUDGET.

6. DEPARTMENT WILL NOTE (PARA 12.12) THAT NO ESTIMATES OF OPERATING COSTS FOR DONAU PARK ARE AS YET INCLUDED IN THE BUDGET.

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7. UNDER THE HEADING "TRAVEL OF STAFF" (PARA 12.16), AN ADDITIONAL SUM OF \$8,500 IS REQUESTED TO COVER COSTS OF ATTENDANCE AT UNIDO MEETINGS OF AFRICAN LIBERATION MOVEMENTS. THIS STRIKES US AS A QUEER WAY TO DESCRIBE THIS ITEM OF EXPENDITURE. HOWEVER, WE DO NOT KNOW WHETHER THE TERM "STAFF TRAVEL" HAS BEEN GENERALLY USED IN THE UN BUDGET TO DESCRIBE THIS OBJECT OF EXPENDITURE.

8. DEPARTMENT WILL NOTE FROM TABLE 12.8 THAT DIRECT COST OF UNIDO-III IS ESTIMATED AT \$1.26 MILLION. THIS FIGURE APPARENTLY DOES NOT COVER THE COST OF POSSIBLE MEETINGS OF THE PREPARATORY COMMITTEE (IDB). IT COMPARES WITH THE COST OF \$386,338 FOR THE LIMA CONFERENCE WHICH LASTED TWO WEEKS (SEE ALSO REF B).

9. TABLE 12.11 SHOWS SOME \$168,000 FOR STAFF TRAVEL FOR THE OFFICE OF THE EXECUTIVE DIRECTOR. SINCE IT IS PROPOSED THAT THIS OFFICE, APART FROM THE POST OF UNDER-SECRETARY GENERAL,

INCLUDE ONLY TWO P-2/1 OFFICERS AND SINCE THERE IS NO INDICATION THAT ASG POST IS TO BE FILLED, THE IMPLICATION IS THAT THIS SUM IS INTENDED LARGELY, IF NOT ENTIRELY, FOR TRAVEL BY THE EXECUTIVE DIRECTOR. (THIS HAS NOW BEEN PRIVATELY CONFIRMED BY A MEMBER OF THE SECRETARIAT). THIS SEEMS TO US TO BE AN EXTRAORDINARILY LARGE AMOUNT AND REFLECTS KHANE'S PREDILECTION FOR TRAVELLING.

10. TABLE 12.13 SHOWS THAT THE REAL PROGRAM GROWTH OF THE DIVISION OF POLICY COORDINATION IS PROJECTED AT 14.1 PERCENT WITH THE TOTAL BUDGET OF THE DIVISION INCREASING FROM \$5.3 MILLION TO \$7.6 MILLION. AS NOTED BELOW, THE EXPANSION OF THE PROGRAM OF INTERNATIONAL CONSULTATIONS ACCOUNTS FOR JUST ABOUT THE TOTAL OF THE REAL GROWTH OF THE DIVISION. IN THIS CONNECTION, MISSION RECALLS VIEWS EXPRESSED BY U.S. DEL AT IDB-X ON THE NEED TO "BEEF UP" THE PROGRAM DEVELOPMENT AND EVALUATION SECTION, GIVEN THE IMPORTANT WORK WHICH MUST BE DONE IN THIS AREA.

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11. INTERNATIONAL CONSULTATIONS HAS BECOME THE "GROWTH INDUSTRY" OF UNIDO. FOR EXAMPLE, IN ADDITION TO THE GLOBAL MEETINGS EXPECTED TO TAKE PLACE DURING 1978-79, THE SECRETARIAT IS PLANNING TO CONVENE 24 WORKING GROUPS IN 47 MEETINGS. THE TOTAL COST

OF THIS INCREASINGLY COMPLEX EXERCISE TO UNIDO'S BUDGET IS IMPOSSIBLE TO MEASURE, SINCE THE BUDGET DOCUMENT IS NOT BROKEN DOWN BY SECTIONS AND MAJOR INPUTS ARE MADE FROM AT LEAST THREE UNITS OF THE SECRETARIAT; NEGOTIATIONS SECTION, ICIS AND CONFERENCE SERVICES. THIS INABILITY TO IDENTIFY CLEARLY THE COSTS OF EVEN A MAJOR PROGRAM, SUCH AS THIS ONE, AGAIN POINTS UP AN IMPORTANT SHORTCOMING OF THE PROGRAM BUDGET PRESENTATION WHICH WE HAVE PREVIOUSLY CRITICIZED IN THE IDB.

12. DEPARTMENT WILL NOTE THE FREQUENT USE BY THE SECRETARIAT OF THE CHARACTERIZATION "INTER-GOVERNMENTAL" TO DESCRIBE CONSULTATIONS, WORKING GROUP MEETINGS, ETC. (PARA 12.59 (C)) (2.1, 2.2 AND 2.3), ALTHOUGH DOCUMENT ID/B/179 ON CONSULTATIONS (AGENDA ITEM 8(F)) MAKES CLEAR THAT THE QUESTION OF WHETHER THESE MEETINGS ARE TO BE REGARDED AS INTER-GOVERNMENTAL IN NATURE REQUIRES FURTHER CONSIDERATION BY THE BOARD (REFERENCE C, PARA 3).

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13. PARA 12.59 LAYS OUT A PROPOSED PROGRAM OF ACTIVITY AT THE GLOBAL, REGIONAL AND WORKING GROUP LEVEL, MUCH OF WHICH WAS NOT REFERRED TO IN ID/B/179. WE SUGGEST THAT U.S. DEL SUPPORT AN ARRANGEMENT UNDER WHICH PARAS 12.53 TO 12.62 OF THE PROGRAM BUDGET ARE CONSIDERED, TOGETHER WITH THIS DOCUMENT, UNDER AGENDA ITEM 8(F).

14. PARA 12.65(B) (1.1) INDICATES THE POSSIBLE ESTABLISHMENT OF A WORLD INDUSTRIAL DEVELOPMENT ASSOCIATION DURING 1978-79 AND THE ORGANIZATION OF ITS FIRST MEETING. WE ARE TOLD THAT UNIDO HAS RETAINED SIX CONSULTANTS TO EXPLORE EACH WITHIN THEIR COUNTRIES (U.S. IS APPARENTLY NOT IN THIS GROUP) THE INTEREST AND READINESS TO JOIN IN ORGANIZING SUCH AN ORGANIZATION.

15. PARA 12.65(B) (2.2) CONTAINS AN INTERESTING BIT OF INFORMATION TO THE EFFECT THAT 20 TECHNICAL WORKING PAPERS WILL BE PREPARED FOR CIRCULATION TO GOVERNMENTS IN CONNECTION WITH THE PREPARATION OF THE JOINT STUDY ON INTERNATIONAL COOPERATION IN INDUSTRIALIZATION.

16. PARA 12.65(B) (2.3) STATES THAT A PART OF THE PROGRAM OF WORK OF THE GLOBAL AND CONCEPTUAL STUDIES SECTION IS THE TRANSMISSION TO DEVELOPING COUNTRIES OF FIRM PROPOSALS FOR THE REDEPLOYMENT OF INDUSTRIAL CAPACITY FROM ENTERPRISES IN DEVELOPED COUNTRIES BROUGHT TO LIGHT IN CONSEQUENCE OF RESEARCH. WE WOULD HAVE THOUGHT THAT THIS SORT OF ACTIVITY WOULD MORE PROPERLY FALL INTO ICPO'S BAILIWICK.

17. PARA 12.65 (5.1) REFERS TO A PILOT EXPERIMENT TO BE RUN

BY UNIDO IN "COLLECTIVE BARGAINING" FOR THE ACQUISITION OF FOREIGN TECHNOLOGY. THIS IS A TERM WE HAVE NOT SEEN USED PREVIOUSLY IN THIS CONTEXT. WE ARE ENDEAVORING TO CLARIFY WHAT THE SECRETARIAT HAS IN MIND.

18. PARA 12.65 (5.3) REFERS TO THE PILOT SCHEME LAUNCHED IN LIMITED OFFICIAL USE

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1977 OF TEN ADDITIONAL RESEARCH PROJECTS IN SELECTED UNIVERSITIES FOR THE DEVELOPMENT OF APPROPRIATE TECHNOLOGY. MISSION IS TRYING TO PIN DOWN WHAT THESE RESEARCH PROJECTS ARE AND HOW THEY RELATE TO THE LIST OF PROJECTS CONTAINED IN ID/B/188 (REF D). THE LAST SENTENCE OF THIS PARA OPENS UP SOME INTERESTING SPECULATION ON THE EXTENT TO WHICH UNIDO WILL ACTUALLY BE ABLE TO CARRY OUT A BROKER FUNCTION BETWEEN INVENTORS AND POTENTIAL INVESTORS IN DEVELOPING COUNTRIES.

19. PARA 12.76 ALSO REPORTS ON THE ARRANGEMENTS REFERRED TO IN REF E, PARAS 4 AND 8.

20. PARA 12.101 REPORTS THE INTENTION TO UPGRADE THE P-5 CHIEF OF GENERAL SERVICES POSITION TO D-1 LEVEL. THE POST WAS AT D-1 PRIOR TO THE MAJOR REORGANIZATION OF THE UNIDO SECRETARIAT. AS PREVIOUSLY REPORTED, OUR VIEW IS THAT RESTORATION TO D-1 LEVEL IS FULLY JUSTIFIED GIVEN THE IMPORTANCE OF THE POST AND THE INCREASING RESPONSIBILITIES ACCRUING TO IT WITH THE MOVE TO DONAU PARK. (POST IS PRESENTLY OCCUPIED BY AN AMERICAN.)STIBRAVY

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Message Attributes

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